



July 11, 2002

Jeff Koenings
Director
Washington Department of Fish and Wildlife
600 Capitol Way North
Olympia, WA 98501-1091

Dear Jeff:

As you know, Puget Sound Energy ("PSE") is in the midst of the relicensing process for the Baker River Hydroelectric Project and will complete it in April 2004, when we file our application for a new license. We have chosen to use a collaborative approach for the relicensing, which has brought interested parties together. Recently, several agencies have expressed concern that their limited internal resources may compromise their ability to continue to actively participate in this process.

PSE is committed to collaborate with all interested parties, and we firmly believe that a collaborative process will ultimately be less resource consuming over the long-term. This process also allows us to "put money on the ground" in terms of implementing measures sooner with a Settlement Agreement that all parties have participated in crafting and that all will support over the 30-40 year life of the new license.

We appreciate Gary Sprague's regular participation in the monthly Aquatics Working Group meetings, Economic Group and Baker Solution Team meetings. We know he is extremely busy and yet he keeps up with team proceedings and is an active participant. We are also pleased at Lauri Vigue's regular participation in the Terrestrial and Recreation Working Group meetings. Lauri and Gary are valued participants who thoroughly review and provide insightful comments on proposed study plans. With Gary and Lauri, the Washington Department of Fish and Wildlife interests are well represented.

In the remaining nineteen months, we will conclude most studies, prepare environmental assessment, prepare a license application and finalize the settlement agreement.

We would like to know how we can assist you in finding ways for Gary and Lauri to continue to actively participate in the relicensing process. One of the things we have done recently is set up an 800-conference number that any participant can use to dial in and attend any meeting by phone.

I've asked Lloyd Pernela, Licensing Manager, to call you in the next few days to discuss how PSE can facilitate WDFW's continued participation. We also would be happy to meet with you to discuss your goals for the Baker license and the Settlement Agreement.

Sincerely,

A handwritten signature in black ink that reads "Edward R. Schild" followed by a stylized flourish.

Edward R. Schild
Director, Energy Production and Storage

cc: Steve Hocking, FERC

RECEIVED

JUL 15 2002

WDFW
OFFICE OF THE DIRECTOR